



Financial Services Policy Committee

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Federal Reserve Payments Study Offers Expanded View of U.S. Noncash Payment Trends

Cleveland, Ohio, December 19, 2013—The *2013 Federal Reserve Payments Study*, released today, shows that card payments--credit and debit--now account for more than two-thirds of all noncash payments, while the number of checks paid continued to decline.

The Study, conducted triennially and available at www.frbfinancialservices.org, examines noncash payment trends in the United States. The 2013 Study has been expanded to include new information related to various payment initiation methods and unauthorized payments. To provide perspective on consumer and business payment trends over the past decade, the results are compared to previous payment studies conducted in 2004, 2007, and 2010.

The 2013 Study's highlights include:

- The total number of noncash payments, excluding wire transfers, was 122.8 billion, a growth rate of 4.4 percent annually from 2009 to 2012. The rate of growth was down slightly from the previous 10 year (2003 - 2012) growth rate of 4.7 percent. The total value of noncash payments grew from \$72.2 trillion in 2009 to just under \$79 trillion in 2012.
- The number of credit card payments, which had shown a decline in the 2010 Study, grew at an annual rate of 7.6 percent from 2009 to 2012. Debit card payments grew at a rate of 7.7 percent over that same period.
- Automated Clearing House (ACH) growth slowed to 5.1 percent annually from 2009 to 2012, down from the average annual growth of 10.9 percent over the previous 10 years. From 2009 to 2012, the number of ACH payments as a percentage of total payments increased less



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than 1 percent while the value of ACH as a percentage of total noncash payments rose almost 10 percentage points, from 51.5 percent to 61.3 percent.

- The number of checks paid continues to decline, falling to 18.3 billion, less than half the number a decade earlier (37.3 billion). Checks are increasingly being deposited as images, with 17 percent being deposited as an image at the bank of first deposit versus 13 percent as reported in the 2010 Study.
- The 2013 Study estimates that there were 31.1 million unauthorized payment transactions in 2012, with a value of \$6.1 billion.

The study was made possible by broad-based industry support and information sharing. "Payments industry participants in the Study provided a robust response, affording the Federal Reserve the opportunity to review a full range of traditionally collected information on the number and value of noncash payment types, as well as new data on payment initiation methods, third-party fraud and other relevant noncash payment factors," said Jim McKee, senior vice president of the Federal Reserve Bank of Atlanta, which sponsored the Study. "Furthermore," he continued, "as part of the Fed's long-standing commitment to collaborate with the industry in making the payments system more efficient, we hope the longer-term, 10-year view provided in the 2013 Study offers increased insight into shifts in consumer and business payments choices."



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As in previous studies, the estimates reported are based on information gathered in three survey efforts: the *2013 Depository and Financial Institutions Payments Survey (DFIPS)*, the *2013 Network, Processors and Issuers Payments Surveys (NPIPS)*, and the *2013 Check Sample Survey (CSS)*. The Federal Reserve partnered with McKinsey & Company and Lieberman Research Group, as its subcontractor, on the DFIPS, and with Blueflame Consulting and MH Consulting, as its subcontractor, on the NPIPS. McKinsey & Company reviewed a large random sample of images for the CSS. The information collected in each survey is combined with information about payments trends from previous studies and then analyzed and adjusted for seasonality to produce comprehensive estimates not available in other studies. "The objective of the study is to produce trend information valuable to the industry in serving the public interest to improve the U.S. payments system," McKee said.

A more detailed report, anticipated in Spring 2014, will include a complete description of the methodologies used and data collected for the 2013 Payments Study.